

## Message Text

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E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT  
JUNE 14, 1977

### 1. US-ASEAN CONSULTATIONS (LIMITED OFFICIAL USE)

OUR ATTEMPT TO UPGRADE THE ASEAN REPRESENTATION AND TO SHIFT IT TO THE ECONOMIC MINISTERS HAS NOT SUCCEEDED. MEMORANDUMS FROM ME TO YOU AND FROM YOU TO COOPER AND JULES KATZ ARE IN PREPARATION IN WHICH WE ARE SUGGESTING THAT YOU INSTEAD OF COOPER SHOULD HEAD THE US DELEGATION. THE TALKS ARE TO BE HELD DURING THE FIRST WEEK OF SEPTEMBER. WE ARE ALSO GEARING UP FOR THE PREPARATIONS FOR THE TALKS AND WISH TO COOPERATE CLOSELY WITH EB.

CONFIDENTIAL

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PAGE 02 STATE 137931

### 2. FIRST CONCRETE ELEMENT OF SOUTH PACIFIC ASSISTANCE PROGRAM TO BE SIGNED: US TO CONTRIBUTE TO AREA WIDE FISHING SURVEY (UNCLASSIFIED)

LAST WEEK DURING THE WASHINGTON VISIT OF THE SECRETARY GENERAL OF THE SOUTH PACIFIC COMMISSION WE WERE ABLE TO FINALIZE ADMINISTRATIVE DETAILS OF THE FIRST CONCRETE

ELEMENT OF OUR SOUTH PACIFIC ASSISTANCE PROGRAM, AN

INITIAL DOLLARS 300,000 CONTRIBUTION TO A COMMISSION SPONSORED FISHING SURVEY. THE GRANT AGREEMENT BETWEEN SECRETARY GENERAL SOLATO AND JACK SULLIVAN OF AID WILL BE SIGNED JULY 9 WHEN BOTH MEN ARE IN PARIS. AMBASSADOR SELDEN HAS ALSO SENT PERSONAL MESSAGES TO THE KING OF TONGA AND PRIME MINISTERS OF FIJI AND WESTERN SAMOA ANNOUNCING OUR CONTRIBUTION. THE KING, IN AN IMMEDIATE REPLY, EXPRESSED HIS PROFOUND THANKS FOR THE US EFFORT.

3. OPIC LEGISLATION (UNCLASSIFIED)

THE OPIC BOARD OF DIRECTORS APPROVED A LEGISLATIVE PACKAGE JUNE 14 SIMILAR IN MOST RESPECTS TO THE EPG DECISION OF MAY 16. HEARINGS BEFORE THE HIRC SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY AND TRADE (BINGHAM, CHAIRMAN) WILL BEGIN JUNE 21, BUT SENATE HEARINGS WILL NOT BEGIN BEFORE AUGUST AT THE EARLIEST. THE PROPOSED LEGISLATION WOULD EXTEND OPIC'S LIFE ANOTHER FOUR YEARS, THROUGH 1981. THE MAJOR SUBSTANTIVE CHANGE WOULD REMOVE THE PRESENT STATUTORY REQUIREMENT THAT OPIC SEEK INCREASED PRIVATE PARTICIPATION IN ITS INSURANCE PROGRAM AND CEASE DIRECT INSURANCE UNDERWRITING ALTOGETHER BY 1981. THE PROPOSAL WOULD SUBSTITUTE PERMISSIVE LANGUAGE THAT WOULD ALLOW OPIC TO OBTAIN PRIVATE PARTICIPATION AT ITS OPTION AS A RISK MANAGEMENT TOOL.

COUNTRY ELIGIBILITY FOR OPIC PROGRAMS, THE MAIN ISSUE  
CONFIDENTIAL

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PAGE 03 STATE 137931

BEFORE THE EPG IN MAY, IS NOT ADDRESSED IN THE LEGISLATIVE PACKAGE, BUT RATHER WILL BE THE SUBJECT OF A BOARD RESOLUTION LATER THIS SUMMER. THE DISCUSSION JUNE 14 REVEALED STRONG PRIVATE BOARD MEMBER SENTIMENT AGAINST RIGID GUIDELINES OR ANY SIGNIFICANT CURTAILMENT OF OPIC'S INSURANCE AVAILABILITY.

4. INVESTMENT POLICY (UNCLASSIFIED)

UNDER SECRETARY COOPER PLANS TO USE A SPEAKING ENGAGEMENT TO THE COUNCIL OF THE AMERICAS JUNE 27 TO DELIVER A STATEMENT OF GLOBAL US FOREIGN INVESTMENT POLICY. WE ARE SENDING A MEMORANDUM TO COOPER GIVING EA VIEWS AND OFFERING EA COLLABORATION IN THE SPEECH.

5. FOOTWEAR (LIMITED OFFICIAL USE)

THE FOOTWEAR ORDERLY MARKETING AGREEMENT (OMA) WITH THE ROC WAS SIGNED THIS MORNING. WE ARE STILL WORKING OUT

SOME LARGELY TECHNICAL PROBLEMS CONCERNING THE KOREAN  
OMA BUT STR EXPECTS TO SIGN THE AGREEMENT NEXT MONDAY  
OR TUESDAY.

6. GSP - SUGAR (LIMITED OFFICIAL USE)

THE TRADE POLICY REVIEW GROUP, UNABLE TO DECIDE THE  
QUESTION OF WHETHER OR NOT TO REDESIGNATE FOUR SMALLER  
SUPPLIERS, THAILAND AND THREE LATIN AMERICAN COUNTRIES,  
AS ELIGIBLE FOR GSP BENEFITS ON SUGAR, DECIDED TO REFER  
THE QUESTION TO THE PRESIDENT. AN OPTIONS MEMORANDUM  
SHOULD BE FORWARDED WITHIN THE NEXT WEEK.

7. UNCTAD RUBBER MEETING (LIMITED OFFICIAL USE)

THE UNCTAD RUBBER MEETING IN GENEVA WENT ACCORDING TO  
OUR EXPECTATIONS. THE PRODUCERS DID NOT PRESS FOR A  
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PAGE 04 STATE 137931

COMMITMENT FROM THE CONSUMERS TO NEGOTIATE A STABILIZATION AGREEMENT. RATHER, A TASK FORCE WAS SET UP TO STUDY THE PRODUCER'S (ANRPC) STABILIZATION PROPOSAL AND ANY OTHERS THAT MIGHT BE SUBMITTED. THE TASK FORCE IS TO SUBMIT ITS REPORT TO THE THIRD PREPARATORY MEETING TENTATIVELY SCHEDULED FOR FEBRUARY 1978.

8. GSP - OPEC (LIMITED OFFICIAL USE)

THE EPG AGREED TO DISAGREE AND WILL ASK THE PRESIDENT TO DECIDE WHETHER OR NOT THE ADMINISTRATION SHOULD SUPPORT THE REMOVAL OF THE GSP-OPEC EXCLUSION. AN OPTIONS PAPER WILL PROBABLY GO FORWARD WITHIN THE NEXT WEEK.

A SENATE FINANCE COMMITTEE STAFFER HAS TOLD H THAT, AS A RESULT OF SEVERAL RECENT CONVERSATIONS WITH THE PRESIDENT, RIBICOFF HAS BECOME INTERESTED IN MOVING THE BENTSEN BILL FORWARD AND IS CONSIDERING HOLDING HEARINGS IN EARLY JULY.

9. ECONOMIC ASSISTANCE LEGISLATION MOVING FORWARD IN THE CONGRESS (UNCLASSIFIED)

THE FY-78 FOREIGN ASSISTANCE LEGISLATION IS BEING MARKED UP TODAY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE. ON THE SENATE SIDE, LEGISLATION FOR OUR CONTRIBUTIONS TO THE INTERNATIONAL FINANCIAL INSTITUTIONS WILL BE DISCUSSED ON THE FLOOR. WE EXPECT THE DOLE AMENDMENT, INTENDED TO REDUCE OUR IFI CONTRIBUTIONS IN PROPORTION TO THOSE INSTITUTIONS' VIETNAM PROGRAMS, TO BE

INTRODUCED AT THAT TIME. IN ANTICIPATION A LETTER HAS  
BEEN PREPARED FOR THE SECRETARY TO SEND TO SENATOR  
HUMPHREY UNDERSCORING THE ADMINISTRATION'S OPPOSITION  
TO THE AMENDMENT.

CONFIDENTIAL

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PAGE 05 STATE 137931

10. JAPANESE BACK SINGAPORE PETROCHEMICAL COMPLEX  
(LIMITED OFFICIAL USE)

THE VISIT OF PRIME MINISTER LEE TO TOKYO PROVIDED THE  
NECESSARY IMPETUS FOR A JAPANESE DECISION TO SUPPORT  
A DOLLARS 650 MILLION PETROCHEMICAL COMPLEX IN SINGAPORE.  
THE JAPANESE GOVERNMENT INVOLVEMENT THROUGH THE  
OVERSEAS ECONOMIC COOPERATION FUND IS UNUSUAL SINCE  
IN THE PAST THIS KIND OF OECF FINANCING FOR PRODUCTION  
FACILITIES WAS USED ONLY TO ASSURE A SOURCE OF SUPPLY  
FOR JAPAN. THE DECISION IS REGARDED AS A SIGNIFICANT  
POLITICAL GESTURE.

11. SYDNEY TRADE CENTER, STATUS STILL IN DOUBT  
(CONFIDENTIAL)

THE FUTURE OF THE SYDNEY TRADE CENTER REMAINS UNCLEAR.  
WHILE THE HOUSE APPROPRIATIONS SUBCOMMITTEE DID INSERT  
LANGUAGE IN THE COMMERCE BUDGET RETAINING THE CENTER  
THEY DID NOT PROVIDE FUNDS FOR IT. COMMERCE HAS INFORMED  
THE SENATE FINANCE COMMITTEE THAT IT OPPOSES THE  
CONTINUATION OF THE SYDNEY TRADE CENTER. THE COMMITTEE  
IS SCHEDULED TO VOTE ON THE MATTER LATE THIS MONTH.

12. APCAC MEETING (UNCLASSIFIED)

THE ASIAN PACIFIC COUNCIL OF AMERICAN CHAMBERS OF  
COMMERCE (APCAC) WILL HOLD ITS NEXT SEMI-ANNUAL MEETING  
IN SYDNEY, AUSTRALIA ON OCTOBER 19-23, 1977. APCAC  
HAS WRITTEN TO THE SECRETARY URGING THAT THE DEPARTMENT  
PARTICIPATE IN THE MEETING. YOU WILL RECALL THAT WE  
PROMISED APCAC TO ATTEND THEIR MEETINGS ONCE BUT NOT  
TWICE A YEAR. THUS, UNLESS SOMEBODY FROM THE DEPARTMENT  
WOULD BE TRAVELING IN THAT DIRECTION AT THAT TIME,  
I WOULD SUGGEST THAT WE DECLINE THE INVITATION.

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PAGE 06 STATE 137931

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## Message Attributes

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